KEYSPAN ENERGY DELIVERY NEW ENGLAND
D.T.E.03-66

FIRST SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO
KEYSPAN ENERGY DELIVERY NEW ENGLAND

D.T.E. 1-3

Respondent: Elizabeth Danehy Arangio

Q. Please prepare an excel spreadsheet table that clearly demonstrates that the contract changes presented in Attachment 1 of KeySpan's 03-66 filing fulfill the Company's resource needs as approved by the Department in D.T.E. 01-105. Please show unambiguously that the Company does not have too much or too little capacity vis-à-vis D.T.E. 01-105; Attachments B and C. If there is excess capacity that the Company anticipates having during the forecast period, please provide the cost of the excess capacity as well as an explanation of how the Company plans to mitigate these costs.

A. In securing the resources required to meet its firm sendout requirements the Company looks to secure the least- cost reliable supply necessary to meet its design firm sendout requirements under a reasonable range of contingencies. By definition, this requires a balancing of adequacy with cost. The contracts that are the subject of this filing are the same contracts that were included in the Company's portfolio of resources reviewed and approved by the Department in KeySpan Energy Delivery, D.T.E. 01-105 (2003) (the Forecast Filing"). As noted by the Department, however, planning for capacity and commodity is a fluid process subject to continuous re-optimization. Id., at 46. The expiration of a large portion of the Company's capacity portfolio on Tennessee provides a natural opportunity to determine if re-optimization is warranted. Upon review, in the fall of 2002, the Company determined that little had changed since the preparation of the Forecast Filing in November 2001 and that these contracts remained necessary for the Company to reliably meet its sendout obligations.[1] Moreover, as discussed in information response DTE 1-1 there were no lower cost alternatives available to the Company.

Attachment 1 is a table comparing projected peak day sendout requirements with expected available resources beginning with the

[1] Although the record had closed in D.T.E. 01-105 prior to the Company's decision point of November 1, 2002, the Department order was not issued until nearly three months later on January 30, 2003.

forecasted peak day in the first season following the contract renewal date, 2002-03 through and including the forecasted peak day in the 2005-06 season.
Attachment 2 is a table comparing projected peak season sendout requirements with expected available resources beginning with the first season following the contract renewal date, 2002-03 through and including the 2005-06 peak season.

The information on Attachments 1 & 2 is derived from the Forecast Filing G-tables adjusted for resource changes in the portfolio following the filing. Because the Company knew by November 1, 2002 that the Hubline project would be delayed, the analysis incorporates the Base Case with the HubLine Delay Case. That is, the winter season 2002-03 is based on the Company's Hubline Delay case from the Forecast Filing. Subsequent years are based on the Base Case from the Forecast Filing.
Attachment 3 is a listing of the contracts in the Company's portfolio that supports the capacity values shown on Attachments 1& 2.

Attachment 3 relates the Forecast Filing Attachments B and C to the Company's G-Tables 21 and 23 from the Forecast Filing.

As shown, the resources contained within the portfolio are adequate to meet the Company's projected design day and design season sendout requirements.

To the extent that, based on actual conditions, there is some seasonal capacity temporarily available beyond firm sendout requirements, the value of that capacity is maximized through the Company's portfolio management agreement with Entergy KochTrading.[2]

[2] The Company has had a portfolio management arrangement in place with various entities since 1997. Under the portfolio management agreement, in exchange for a negotiated fixed fee, the Company assigns its resource portfolio to the asset manager. The Asset manager is then obligated to deliver the Company's firm requirements on any day but is allowed to utilize any remaining assets outside of those required by the Company, for its own benefit.